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New Report Finds Law Firm Hourly Billing Rates Continuing to Rise

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by Mike Mintz on May 9, 2012 · 1 comment

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According to a recent report entitled the 2012 Real Rate Report, New York City firms raised their attorney billing rates on average by 12 percent in the last few years, the second highest change in rates among lawyers in various U.S. cities. This report also shows that a lawyer's billing rate is determined more by law firm size and location than by status, experience or practice area. In other words "location, location, location."

The report was based upon legal fees billed to sixty-two companies in seventeen industries, including energy, finance, technology, insurance and health care. The bills were provided by over 4,000 law firms in 84 metropolitan areas around the U.S. The records were provided for a five-year period ending in December 2011.

The median billing rate for 2,020 partners in New York City in 2011 was \$756 per hour. The top 25% of those partners' rates was almost \$1,000 per hour. However, most partners in the top tier still shy away from billing \$1,000 per hour. The four-digit figure seems to scare away clients, although a few firms have been able to charge that rate to certain clients. The 2011 median billing rate for 3,290 associates in New York City was \$465 per hour.

Boston was the only city whose attorneys' rates rose by a higher percentage than New York attorneys from 2009 to 2011. In New York firms, average rates rose to \$633 per hour from \$565 per hour.

Across the nation, the top 25% of firms showed the highest jump in associate billing rates; they jumped an average of 18% to approximately \$600 per hour. The billing rate of the top 25% of partners rose 8%

to approximately \$900 per hour. However, at the bottom of the ladder, the story is quite different. The bottom 25% of associates saw their rates rise by only 4% and partner rates rose by only 3%.

If you practice law in Buffalo or Albany, New York it will probably come as no surprise for you to learn that your billing rates are among the bottom ten of the metropolitan areas in the U.S. For example, in Albany, Schenectady and Troy, New York, the median billing rate for partners was \$250 per hour, and an associates' median rate was \$199 per hour. In Rochester, New York, the median billing rate for partners in 2011 was \$305 per hour, while the median rate for associates was \$200 per hour. The 2011 median rate for partners in Buffalo and Niagara Falls was \$279 per hour, and the median billing rate for associates was \$180 per hour.

The other not-so-surprising conclusion of the report? The bigger the firm, the higher the billing rate. In fact, billing rates were highest in firms with the greatest number of attorneys.

Across U.S. cities, from 2009 to 2011, attorney billing rates increased approximately 13 percent at firms with 501 to 1,000 lawyers, while rates increased an average of 8 percent at 100- to 250-lawyer firms. Rates at smaller firms, i.e. with 51 to 100 lawyers only had a 6 percent average increase, and even smaller firms, i.e. with one to 50 lawyers saw a comparatively miniscule change-their rates only increased by about 4 percent.

Another interesting conclusion of the report is that the longer a particular client stays with a firm, and the more work the firm handles for that client, the higher the billing rate the firm charges that client. So much for rewarding client loyalty!

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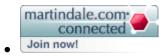
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